Pgr

Regd. H-27—60,004—17-11-48

Development (1944) Department.

MS SERIES.

G.O. NO. 871

Dated 22-2-44

[Despatch Abstract.]

Industries - Sericulture - Govt Silk Filat...
Koilegal - Audit Report for 1942-43 an...
1943-44 - Shortage of Cocoons - Ob...
Objection raised by A.G. of Auditor of
State Trading Schemes - Waiver of Propos...
of the D.P.C. - Approved

Industries and Commerce Department

From

Sri P. Govinda Menon, B.E.,
Joint Director of Industries and Commerce, Madras.

To

The Secretary to Government,
Development Department,
Madras.

ASSISTANT SECRETARY TO GOVERNMENT
DEVELOPMENT DEPARTMENT
DEC 1948

No.6636.D/45, dated 16th November'48.

9128599

Sir,

Sub:- Industry- Government Silk Filatures, Kollegal- Audit report for 1942-43 and 1943-44.

In para 8 of the Audit Report on the inspection of the accounts of Government Silk Filatures for the above period (copy enclosed) the Chief Auditor has pointed out that the Cocoons received as per certain invoices from the Government markets were not fully accounted for in the cocoon stock book and that 788 lbs and 4ozs. were not brought into stock. Copies of the reply from the General Manager, Government Silk Filature and the subsequent note of the Chief Auditor requesting that the matter may be reported to Government and their orders obtained are attached for the informatio of Government. The Sericultural Expert, Kollegal who was then asked to examine the question has also corroborated the view of the General Manager that the non-accounting of the cocoons under reference may be due only to an omission on the part of the cocoon store staff then and that the quantity may be deemed to have been actually received and used up for the production of silk. Copy of his final report in the matter is also attached.

I agree with the views expressed by the Sericultural Expert, Kollegal in his final report that this case may be treated as an addition to the case in which there was a shortage of 84,849 lbs and 9 oz. of cocoons and that no action is called for at this stage as the cost of the cocoons under reference now has been fully taken into account in the Proforma Accounts of the filature. In the circumstances explained above, I request that Government would be pleased to accept the above view and the Chief Auditor requested to waive the objection.

Encls.4

for Joint Director of Industries and Commerce.

PSM/19.11.1948

Copy of para 8 of the Audit report on the accounts of the Government Silk Filature, Kollegal, Coimbatore Dt. for the years 1942-43 and 1943-44

STOCK ACCOUNT OF COCOONS- DEFECTS IN MAINTENANCE.

8. A cocoon purchase day book was maintained for the Kamakarai and Hanur markets from 1-10-1943 end for the Kollegal market from 16-9-1943 only.

The following differences were noticed between the quantities paid for as per purchase register and the quantities booked as per the cocoon stock book. The shortages would need to be accounted for.

DATE OF PURCHASE.	QUANTITY PAID FOR AS PER PURCHASE REGISTER.	QUANTITY AS PER COCOON STOCK BOOK.	DATE OF ENTRY IN THE STOCK BOOK.	SHORTAGE Rs. As. Ps.
Kamakarai Market.				
11-2-1944	1265 12	1136 12	14-2-1944	
12-2-1944	479-12	266-8		342- 4- 0
	1745-8	1403-4		
29-2-1944	369-12	849-12		
1-3-1944	1054-4	305-12	2-3-1944	268- 8- 0
	1424-0	1155-8		
6-3-44.	880-12	1901-0		
7-3-44.	1296-0	205-4	8-3-1944	70- 8- 0
	2176-12	2106-4		
Gumballi market.				
13- 3-1944	3059-0	2952-0		107- 0- 0
				788- 4- 0

PSM/29.11.

GM's reply to the Audit Objection

Copy of para8 of the Audit Report on the inspection of the account of Government Silk Filature.

Stock account of cocoons- Defects in maintenance.

The circumstances under which the alleged shortage became apparant are detailed below.

Kamakarai market.

Date.	Quantity as per purchase register.	Quantity as per Stock book	Difference.
11-2-44	1265-12 (918-4 C.B. (147-8 Mys. (200-0 Mys.B.	1136-12-	Invoice No.82 dated 14.2.44.
2. 12-2-44	479-12 (218-8 C.B. (119-0 Mys. (142-4 Mys.B.	266-8	nvoice No.83, dated 14.2.44.
	1745-8	1403-4	342-4

Remarks:-The difference of 342 lbs. 4 ozs. short accounted is made up of 200 Mys. of 11-2-44 and 142-4 lbs of Mysore B. of 12.2.44. These have been oversight, omitted to be entered in the stock book. The cocoons have actually been received at the filatures and used up in the manufacture of silk.

2. 2922-44 369-12 (51-12 C.B.(A)*

P.T.O.

6

2.29-2-44	369-12	(51-12 C.B.(A) (49-8 C.B.(B) (268-8 My.(A)	849-12		Inv.No.100 dated 2.3.44.
1.3.44	1054-4	(798-0 C.B.(A)** 256-4 My (A)	305-12		Inv.No.301, dated 2.3.44
	1424-0		1155-8	268-8	

Remarks:- The quantity of 268 lbs 8 ozs. refers to 268-8 of 29-2-44 above which was omitted to be entered in the stock book by oversight. The full quantity was received in the cocoon stores.

3. 6-3-44	880-12	(792-8 C.B.(A)*	1901-0		Inv. No.306, dated 8.3.44.
		(My(B) 88-4			
7-3-44	1296-0	(1108-8 C.B.(A)**			
		(121-0 My.(A)	205-4		Inv. No.307, dated 8.3.44
		(66-8 My(B)			
	2176-12		2106-4	70-8	

Remarks:- In this case, the quantity short accounted is due to mistake in totalling and while transferring the figures from the invoices to the cocoon stock book. The full quantity was received in the cocoon stores.

4. Gamballi market.

The matter has been investigated at some length by Mr. Peychand 107 lbs. was part of a total deficit of 459 lbs. out of 4493 lbs. of cocoons purchased at Gumballi on the 12th and 13th March'44. The difference which works out to about 10% represents driage. The cocoon Store Asst. has taken into stock only the actual receipt weight which was the same as the invoice weight instead of the purchase weight. In the case under reference, the invoice itself showed only the despatch weight instead of the actual purchase weight and

P.T.O.

and the former having been correctly received was taken into stock by the cocoon Store Asst. assuming there is no driage, My predecessor, Mr. Peychaud appears to have been satisfied with the explanation for the shortage of 459 lbs. (which included this 107 lbs.also) and hence the quantity of 107 lbs should be deemed to have been actually receive but not taken into stock. The relevant records will be shown in next audit.

A 1

In all the above cases the quantities of cocoons short accounted have actually been received at the cocoon stores. The mistakes would have been found out if the register had been checked by a responsible officer which was unfortunately not done. Also those quantities should have been shown up as excess at the time of stock verification but the latter revealed a huge deficit only they would have been covered up in that.

Office of the Director of Industries and Commerce, Madras, dated 26.11.48.

Copy of letter No.2093.Comml/46, dated 27.8.1948, from the Sericultural Expert, Kollegal, To the Joint Director of Industries and Commerce, Madras.

Sub:- Audit Report- Government Silk Filature, Kollegal- 1942-43 and 1943-44.
Ref:- Director's Memo No.6636.D1/45, dated 8th July 1948.

As already explained at length in my letter No.2093.Comml/46, dated 23rd Feb.'48 I honestly feel that it may be a clerical mistake on the part of the staff working in the cocoon stores for non-accounting of the receipt cocoon in the cocoon stock book. I cannot also suspect the staff as they have, a good record. I submit below the following facts for Joint Director's consideration and approval.

2. Presuming that the entries of receipt of the cocoons were used up in the manufacture of silk is not accepted by the Chief Auditor, the stock of cocoons as on 30-8-1944 the date of verification of the cocoon stock book by Mr. Peychaud, the then General Manager, should have been Lbs.8,63,713-12 plus lbs. 788-4=8,64,502 lbs. and there should have been a further shortage of Lbs.788-4 in addition to the shortage of Lbs.84,849-9 as reported by Mr. Peychaud in his letter No.2447-C/44 dated 24th October 1944 and deducted from the stock book on 30-8-44 (vide Head office file No.3715-D/44) After examining the renditta obtained, the Director had reported to Government in his letter ~~obtained the~~ No.D.1.3715/44, dated 6.8.1945 that there had been no loss to Government through pilferage and consequently no occasion for action contemplated in the Madras Financial Code. Accepting this view Government in their Memo No.56131-D/44-16, dated 4th September 1945 also agreed that the cost of silk reeled during that period should be proportionately increased to meet the cost of cocoons actually used in reeling such silk and the extra cost recovered from the Government of India. It is therefore submitted that the present case may be treated as an addition to the case referred to above and dealt with likewise.

3. The value of cocoons consumed during the year 1943-44 was arrived at in the proforma accounts by totalling up the value of cocoons purchased during the year including opening balance and deducting the value of cocoons assessed at the end of the year. The value of cocoons purchased included also the value of the quantity of cocoons under question. Further, though

P.T.O.

12

A | Further, though there was no entry in the stock book in respect of the cocoons under question the cost was admitted and included by the Chief Auditor, State Trading Schemes, in the proforma accounts of 1943-44.

4. Under the circumstances stated above, as the accounts with the Supply Department were finalised by the Accountant General and as there is actually no loss to Madras Government I am inclined to think that the Chief Auditor may reconsider the decision and drop the objection.

B |

PSM/26.1.1.

Para 8 of the Audit Report:- The stock book is a recod of receipts issues and balance. The issues entered in this register go into the Production Register while the balance shown therein at the end of the year is taken for the final accounting. It has been stated in the latest reply that "the cocoons have actually been received at the Filatures and used up in the manufacture of silk". This statement is not borne out by the records maintained for the accounting of cocoons and silk manufactured therefrom. As 788 lbs. 4 ozs. of cocoons were not, accounted for in the registers the matter may be reported to Government and their orders obtained and communicated to this office.

Plain
15/12

T. M.

Dev(DI) 15

To The DIRE.

Sub. GSF Kollegal - Audit report for 1942-43 & 1943-44

C.F. Ref. Your letter No 6636 D/45 dt 16-11-48

Cf Accts Cf. Please send a Copy of your Letter No. DI. 3715/44 dt 6-8-45 and a Copy of Govt Memo No 56131 D/44-16 dt 4-9-45. Copies of connected correspondence if any, may also be sent.

12/12/48 DIR 13-12-48

13.

14-12-48

A/N pe Co go

S RD. 30-12-48.

T M

To The D I R.

Sub: G & F Receipts Audit report for
1942-43 & 1943-44.

Ref: Govt T.N. Dt 15-12-48 calling for copies of certain papers.
Please ~~expedite reply~~ send 1,13 cms

the Copies very urgently

1-1=49 mg
2.1.49.

C&P
6.1.49

P.C 6 Gs.
DR. 9.1.49

15

Department of Industries and Commerce

No.6636-D.1/43-dated 27th Dec'43.

1592

From
The Joint Director of Industries and Commerce, Chepauk, Madras.

To
The Secretary to Government, Development Department, Madras.

Sir,

Sub:- Government Silk Filature, Kollegala Audit report for 1942-43 - 1943-44

Ref:- Government p.c. of Telephonic message dated 14-12-43.

.....

I enclose the following reference with reference to the post copy of Telephonic message cited.

1. This office letter No.3715.D/44 dated 25-9-44.
2. Government memo No.56131 D/44-1 Dev. dated 11-10-44.
3. This office letter No.3715-D.1/44 dated 6-3-45.
4. Government Memo No.56131D/44-16 Dev. dated 4-9-45
5. This office letter No.D.Dis 3715.D/44 dated 15-1-46.

For Joint Director of Industries & Commerce

MA/29-12

Office of the Director of Industries and Commerce, Chepauk, Madras. /7

....

Copy of letter No. 3715-D/44 dated 26-9-44 from the Director of Industries and Commerce, Madras. to the Secretary to Government Development Department, Madras.

.....

Sub:- Government silk Filatures - Annual stock verification - shortage of cocoons.

....

During the annual stock verification of the Government Silk Filature, Kollegal by the Manager, Kollegal Silk Filature, it was noticed that there was a shortage of cocoons among other items in the Govt. Silk Filature. I enclose copies of reports received from the Manager Kollegal Silk Filature and the General Manager, Govt. Silk Filature in this connection and also a copy of my memorandum to the General Manager.

There are one or two points in the General Manager's report that call for comment. The General Manager has stated that he had fixed up certain dimensions for the cocoon box that the box used by the Government Silk Filature was not of the dimensions fixed by him. He has also stated that he is enquiring as to the person who was responsible for this. ~~This~~ The person responsible, in my opinion, is no other than the General Manager himself. ~~It was~~ It was clearly his duty to see that a box of proper dimensions was introduced at the Government Silk Filature. Not only this, but also to check from time to time whether box in actual use was a box of the correct dimensions, for nothing is easier than to substitute a box of a different size. The General Manager cannot therefore, in my opinion, be allowed to shirk his responsibility in the matter by finding scapegoats. This unfortunately is his modus operandi whenever things go wrong.

The second point to which I wish to call attention is the same void with which the General Manager says that the cost of production of raw silk at the Government silk Filature should now be put up by 10%. This means an extract lakh of rupees for H.M.G., a mere bagatelle for the General Manager. Nor does the General Manager worry that all his costing statements submitted so far are proved incorrect. The credit which he claimed for producing raw silk at a cost lower than that at which the Kollegal Silk Filature could, is turned now into a discredit.

Till another officer is appointed to take charge of the account and administrative side of the Filature nothing beter can be expected.

.....

Office of the Director of Industries
and Commerce, Chepauk, Madras.

.....

Copy of letter No.1333-F1/43 dated 3rd Sept. 1944 from the Manager Kollegal to the Director of Industries and Commerce, Madras.

.....

Sub:- Govt. Silk Filature - Stock verification.
Ref:- Your memo No.1733-F1/44 dated 16-5-44

.....

I have conducted the stock verification at Govt.Silk Filature between the dates ~~No.1733-F1/44~~ 1st and 15th July 1944.

The following discrepancies were observed

Description.	Quantity as per stock register.	Quantity actually found in stock.	Remarks.
1. Petrol	7 gallons	Nil.	
2. Cotton rope	9¾ seers	"	
3. Broke oil	1½ lbs.	"	
4. Makkeries	9 nos.	3 nos.	
5. 5/3" x 6" bolts and nuts.	3252 lbs	Nil)	These are stated to be in the Govt. Industrial engineering workshops Madras.
6. 3/4" x 6" bolts and nuts	1070 lbs	")	
7. 5/3" washers	3,500 nos	")	
8. 3/4" do.	1,070 "	")	
9. 7/3" do.	712 "	")	
10. Bamboo baskets	14 nos	Nil.	14 nos in bad condition and to be condemmend.
11. Round trays.	1,863 nos.	1693 nos.	170 nos. .do.
12. Cocoon baskets.	191 nos.	143 nos.	48 nos. -do-
13. Rectangular trays	3067 nos.	2973 nos.	94 nos. -do-
14. Silk Cleaning scissors	200 nos.	187 nos.	13 nos. -do-
15. Cocoons	*2,25,336 lbs	1,30,921 lbs	* stock on 7-7-44

As regards the last item viz. cocoons, there is a shortage of about 94,000 lbs. The verification was done by measurement as this gives more correct results than the other method of weighment on the principals that a certain volume of green cocoons remains unchanged even after stifling and conditioning unless the cocoons are crushed. In some of the cocoon heaps, which were as much as 7'-6" high, the cocoons showed signs of compression. The ratio to be adopted in these cases was found out by actually counting the number of cocoons that go to fill up the measurement box of the uncompressed and the compressed cocoons. A ratio of 1.1 was obtained.

As the shortage in cocoon stock appeared to me very excessive, I doubted the correctness of the verification and wanted to conduct another check before I submit this report to you. I now understand that though their book figure is now about 1.10,000 lbs. their stock is hardly enough for a week's consuption. The actual shortage will therefore reveal itself automatically after another week ~~shortage~~ and so a second verification of their stock does not appear necessary.

.....

Copy of letter No. 2447-C/44 dated 6th Sep. 1944 from the General Manager C.S.F Kollegal to the Director of Industries and Commerce, Madras.

.....

Sub:- Government Silk Filatures, Kollegal - Cocoons - Stock verification of.

..... .

On finding that the stock of cocoons did not appear to be as it was shown in the cocoon stock register, the actual stock was verified on 30-3-1944 and found to be as follows:-

1. Reelable cocoons (Mysore unsorted) ..	16900	lbs.
2. Stained and rainsoaked cocoons not worth reeling.	5150	
Total	22,050	

But the stock register shows 1,12,507 lbs as stock on hand on 30-3-1944 Hence there is a shortage of 90,457 lbs. This is partly due to wrong issues of cocoons in a box bigger than the standard size fixed by me ~~which~~ which holds about 27 lbs. instead of 25 lbs. Crushed cocoons are also measured in the same box and thereby 5000 cocoons weighing 10 lbs. more than the quantity of fresh cocoons that the standard box would hold have been issued the shortage is partly due to this also. After conducting several experiments at the Kollegal Silk Filatures with regard to the relation between wight of green cocoons and the volume of dried cocoons I fixed up certain dimensions for a box to hold 25 lbs. of green cocoon This has not been followed at this Filature. A box. of a greater dimensions has been made and used for measureing and issuing cocoons to Filtures which was so far unnoticed. This box is nearly 10% larger than the

the standard size fixed by me. I am making enquiries as to the person responsible for fixing the dimensions of the box in use at Government Silk Filatures and shall communicate to you the result. This excess issue of cocoons will affect the cost of cocoons mentioned in the cost of production statement to the extent of 10%.

.....

Office of the Director of Industries and Commerce, Madras.

.....

Copy of Memorandum No.3715-D/44 dated 26-9-44.

....

Sub:- Government Silk Filature Kollegal - Annual stock verification - Shortage of cocoons.
Ref:- His letter No.2447-C/44 dated 6-9-44.

.....

In his letter cited above, the General Manager has reported a shortage of over 90,000 lbs. of cocoons at the Government Silk Filature. He explains this shortage as being due to the use of a box of dimensions greater than those fixed by him. He also reports that he is making enquiries as to the person responsible for introducing this box in the Government Silk Filature. The Director is of the view that in this matter, the primary responsibility must rest upon the shoulders of the General Manager. It was his clear duty to see that box of proper dimensions was introduced. It was also his duty to check from the time to time that the box in actual use was box of correct dimension. The General Manager failed to discharge both these duties.

The General Manager has also reported that the cost of production of raw silk at the Filature will have to be increased by some 10% The General Manager should at once report this fact to the Supply Department with copy of the Director.

The General Manager should also give information on the points listed below at a very early date:-

(1) The date on which the non-standard measuring box was brought into use.

(2) The stock of cocoons on that date.

(3) The quantity of cocoons issued from this date to 30-3-44

(4) The quantity of cocoons purchased from this date to 30-3-44

(5) The quantity of silk produced from this date to 30-3-44, from out of the cocoons issued for reeeling purposes.

P. T. O.

(6) The quantity of unreelable cocoons disposed of by sale from this date to 30-3-44

The General Manager should also report that steps he proposes to take to rectify the accounts of cocoons issues and to make other consequential adjustments in the accounts including the costing statements.

The General Manager should also see that cocoons are issued in future from the stores not only by measurement in boxes but also by weighment.

.....

Office of the Director of Industries
and Commerce, Chepauk, Madras.

.....

Copy of Memorandum No. 56131 D/44-1 dated the 11th October 1944
Government of Madras Development Department.

.....

Sub:- Industries - Government Silk Filatures - Stock
of Cocoons - Verification - Shortage.
Ref:- From the Director of Industries and Commerce
No. 3715-D/44 dated 26th September 1944.

...

If it is merely a case of using a box of dimensions larger than those prescribed for the issue of cocoons and no pilferage has in fact occurred thequantity of silk reeled would give a high renditta value for the cocoons used in reeling. It has been suggested that the possibility of any pilferage should be examined in the light of the point raised above. The Director of Industries and Commerce is requested to report urgently the result of the action taken by him to determine the loss, if any, to the Government in the shortage discovered in the stock of cocoons at the Government Silk Filatures. It is presumed that he has followed the instructions contained in the Madras Financial Code in regard to such losses to the Government.

.....

Office of the Director of Industries
and Commerce, Chepauk, Madras.

....

Copy of letter No.3715-D1/44 dated 6th August 1945 from the Director of Industries and Commerce, Madras. to the Secretary to Government - Development Department, Madras.

.....

Sub:- Industries - Sericulture - Government Silk Filatures Kollegal - Stock of Cocoons verification - shortage
Ref:- Govt. memo. no.56131-D/44-1 Development dated 11-10-44

...

I have examined the question of renditu in detail and find that the presumption of Government that the renditta value of Silk reeled during the period when the larger sized boz was used should be higher, If no pilferage has occured is correct. The average ~~marks~~ renditta obtained during this period works to 19.8 as against 24.1 which is the average renditta for the period subsequent to it, In view of this there has been no actual loss of Government through pilferage and consequently no occasion for action contemplated in the Madras Financial Code. The cost of Silk reeled during this period charged to the Government of India has of course to be proportionately increased to meet the cost of cocoons actually used up in reeling such silk.

.....

Office of the Director of Industries
and Commerce, Chepauk, Madras.

,,...

Copy of Memorandum No.56131-D/44-16 dated the 4th Sep.1945 Govt. of Madra Development Department.

.....

Sub:- Industries - Sericulture - Government Silk Filatures, Kollegal - Stock of cocoons - verification - shortage
Ref:- From the Director of Industries and Commerce No.D.1. 3715/44, dated the 6th August , 1945.

....

The Government agree that the cost of silk reeled during the period referred to in the letter cited has be proportionately increased to meet the cost of Cocoon actually used in reeling such silk , and the extra cost recovered from the Government of India The Director of Industries and Commerce is requested to take suitable action in the matter and to report the results to the Government.

.....

Office of the Director of Industries
and Commerce, Chepauk, Madras.

....

Copy of letter No.D.Dis.3715-D.1/44 dated 15-1-46 from the Director of Industries and Commerce, Madras. to the Secretary to Govt. Dev. Departmen

.....

Sub:- Industries - Sericulture - Govt. Silk Filatures, Kollegal stock of cocoons . verification - shortage
Ref:- Govt. Memo No.56131-D/44-16 Dev.dated 4-9-45.

...

The General Manager, Govt.Silk Filature reports that the cost of silk reeled during the period in question has been revised by the Audit staff so as to ~~xx~~ include the cost of cocoons actually used in reeling ~~and~~ thus.

Fisheries 22-2

Sub: Industries - Sericulture - Govt Silk Filatures Kollegal - Audit Report for 1942-43 and 1943-44 - Shortage of Cocoons - Objection raised by Chief Auditor for State Trading Schemes - Waiver of - Proposal of the D.I.& C. - Approved.

110/22/2

Ref: Read from the Dir. of I. & C. No 6636 A/45 dt 16-11-48.
Order MS No 871 dtd 22.2.49.

In the Audit Report on the inspection of accounts of Govt Silk Filatures, Kollegal for 1942-43 and 1943-44 the Chief Auditor for State Trading Schemes has discovered that a quantity of 788 lbs and 4 ozs of cocoons were not brought into stock during 1944 and has therefore required that the matter should be reported to the Govt and the order of the Govt obtained and communicated to him. It has been reported that the cocoons were actually received at the filatures and used up in the manufacture of silk and that they have been omitted to be entered in the stock book by oversight & mistake in totalling. etc

2. The Sericultural Expert reports that this shortage may be treated as an addition to the shortage of about 84849 lbs of cocoons reported in 1944 in respect of which the Govt agreed that as there was no loss to Govt through pilferage, the cost of silk recked during the period should be proportionately increased and that the extra cost should be recovered from the Govt of India. The

Sericultural Expert also reports that although there was no entry in the stock book in respect of the cocoons in question the cost of the cocoons have already been admitted and included by Chief Auditor, State Trading Schemes, in the Proforma Accounts for 1943-44 and that there is actually no loss to Govt. The DD/Ke (*) agrees with the Sericultural Expert's view and endorses that no action is called for at this stage as the cost of the cocoons in question had been fully taken into account in the Proforma Accounts of the Filature and therefore requests that the Chief Auditor may be requested to waive the objection

3. The Govt accept the explanation offered by the DD/Ke and direct that the objection raised by the Chief Auditor for the shortage of 788 lbs 4 ozs of Cocoons in 1944 be waived

4. The DD/Ke is requested to take necessary action against the person responsible for not bringing the stock into account in the Cocoon stock book and to issue strict instructions to the officers concerned to see that such errors do not occur in future.

A.P.I.?

B on p 12 Cf

(*) B on p 1 Cf

B on p 1 Cf

P 30 F

M on p 2 NF

K on p 2 NF

21.2.49

21.2.49

To the DD/Ke.

Ch Auditor
State Trading Schemes
Ashtadhiam
SF 11.

Devt. Deptt.(D.I)

Sub: Industries - Govt. Silk Filatures; Kollegal - Audit Report for 1942-43 and 1943-44 - Shortage of cocoons.

Ref: From the Jt. D.I. & C. No.6636 D/45 dated 16.11.48.

TO A.S.

P3 cf

In the Audit Report on the inspection of accounts of Govt. Silk Filatures, Kollegal, the Chief Auditor for State Trading Schemes has discovered that a quantity of 788 lbs 4 ozs of Cocoons were not brought into stock during 1944 and has therefore required that the matter should be reported to the Govt. and Govt. orders obtained and communicated to him. The report of the General Manager on p-5-7 c.f. explains how the shortage occurred. It has been reported that the Cocoons were actually received at the filatures and used up in the manufacture of silk and that they have been omitted to be entered in the stock book by over sight. In the case of one portion of the shortage amounting to 70 lbs 8 oz. it is reported that the quantity short accounted is due to mistake in totalling but that the full quantity was received in the Cocoon Stores.

P9 cf L

A'tes Pgs-be 1 Pp5-7 cf

R on p6 cf

2. In 1944 a big shortage of about 84849 lbs. of silk was noticed in the Filatures The Genl. Manager reported that the shortage was due to the fact that the Cocoons were issued by being measured out by a box of larger dimensions than the proper size. After investigation the D.I. & C. reported that there has been no actual loss to Govt. though pilferage and that the receipts value of Silk reeled during the period of when the larger sized box was used should be higher and that the cost of silk during this period charged to meet the cost of Cocoons actually used up in reeling the Silk. The Govt. agreed that the cost of silk reeled during the period had to be increased to meet the cost of Cocoons actually used and that the extra cost recovered from the Govt. of India for the silk was then being worked out to be finally the D.I. & C. reported that the cost of silk reeled during that period had been revised by the Audit Staff so as to include the cost of Cocoons actually used.

Pp17-19 cf

Pp21-22 cf

F on p27 cf

B on p27 cf

C on p27 cf

3. In respect of the shortage of 788 lbs 4035 of Cocoons referred to at at 'L' above (which was also in 1944) the

P3 cf

Pp3-4 cf

AA

Sericultural expert now states that it may be treated as an addition to the case referred on para 2 above, and though there was no entry in the stock book the cost of the Cocoons have already been admitted and included by Chief Auditor State Trading Schemes, in the Proforma Accounts for 1943-44, and that there is actually no loss to Madras Govt. The D.I. & C. agrees with the Sericultural expert's view and considers that no action is called for at this stage as the cost of the Cocoons in question has been fully taken into account in the Proforma Accounts of the Filature. and therefore requests that the Chief Auditor may be requested to waive the objection. It is for orders whether in the circumstances the views of the D.I. & C. will be accepted and the Director asked to take necessary action against the persons responsible for not bringing the stock with account.

A cu p/12 cf

P12 cf

B cu p12 cf

B cu p1 cf

B cu p1 cf

M

Finance may see for remarks.

25.1.49

CPG 26.1.49.

S. Z for but the Authorities Concerned must be held responsible for not taking entry

K

27.1.49

Dw no 1285-99 DI/48-27-1-49.

ASSISTANT SECRETARY TO GOVERNMENT 2 JAN 1949 5342 FINANCE DEPARTMENT

fin (A&E).

Please see the notes on pp.1-2 above. Finance may agree to the chief auditor now informed of the position as stated by the D. I & C on p.1 cf. and also to instructions being issued as proposed by Dept. at "K" above.

'B' on p 1 cf

4.2.49

13015 Fin.w. 5342-AA/48

4.2.49.

4.2.49

To P.S.

(Notes from pl above) & draft order is sent below for appl.

CPG 21.2.49

Issued as No 871 Dtd 22-2-49